

MONTANA LEGISLATIVE HISTORY

Chapter 588 19 93

Bill H _____ S 11 Original bill & history ☒ C

H. Committee on Business & Economic
Development

Hearing Date(s) Jan 19 ☒ C

_____ C

_____ C

_____ C

Date Out _____ C

S. Committee on Business & Industry

Hearing Date(s) Jan 02 ☒ C

_____ C

_____ C

_____ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

1/19	REFERRED TO TAXATION		
1/22	HEARING		
1/28	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
1/30	2ND READING CONCURRED	91	7
2/03	3RD READING CONCURRED	91	8
	RETURNED TO SENATE WITH AMENDMENTS		
2/06	2ND READING AMENDMENTS CONCURRED	48	0
2/08	3RD READING AMENDMENTS CONCURRED	50	0
2/11	SIGNED BY PRESIDENT		
2/14	SIGNED BY SPEAKER		
2/15	TRANSMITTED TO GOVERNOR		
2/18	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 48		
	EFFECTIVE DATE: 02/18/93		

SB 11

INTRODUCED BY TOWE

REVISE THE INTEREST RATE ALLOWED BY AGREEMENT FOR CREDIT
TRANSACTIONS

12/23	INTRODUCED		
12/23	REFERRED TO BUSINESS & INDUSTRY		
1/04	FIRST READING		
1/07	HEARING		
1/07	COMMITTEE REPORT—BILL PASSED		
1/08	2ND READING PASSED	23	17
1/09	3RD READING PASSED	29	20
	TRANSMITTED TO HOUSE		
1/11	FIRST READING		
1/11	REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT		
1/19	HEARING		
1/20	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
1/22	2ND READING CONCURRED	79	20
1/25	3RD READING CONCURRED	73	26
	RETURNED TO SENATE WITH AMENDMENTS		
1/28	2ND READING AMENDMENTS NOT CONCURRED	47	0
3/05	CONFERENCE COMMITTEE APPOINTED		
4/03	CONFERENCE COMMITTEE REPORT NO. 1		
4/08	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	47	0
4/12	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	48	0
	HOUSE		
3/12	CONFERENCE COMMITTEE APPOINTED		
4/03	CONFERENCE COMMITTEE REPORT NO. 1		
4/15	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	97	3
4/16	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	80	19
4/24	SIGNED BY PRESIDENT		
4/24	SIGNED BY SPEAKER		
4/24	TRANSMITTED TO GOVERNOR		
4/29	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 588		
	EFFECTIVE DATE: 04/29/93		

1 SENATE BILL NO. 11

2 INTRODUCED BY TOWE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE INTEREST
5 RATE ALLOWED BY AGREEMENT FOR CREDIT TRANSACTIONS; AMENDING
6 SECTION 31-1-107, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE."
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 31-1-107, MCA, is amended to read:

11 "31-1-107. Interest rate allowed by agreement. (1)
12 Parties may agree in writing for the payment of any rate of
13 interest ~~not-more-than~~ that does not exceed the greater of
14 15% or an amount that is 6 percentage points per annum above
15 the prime rate of major New York banks, as published in the
16 Wall Street Journal edition dated 3 business days prior to
17 the execution of the agreement; and such interest shall.
18 Interest must be allowed according to the terms of the
19 agreement.

20 (2) A loan that is not usurious when made is lawful for
21 the duration of the loan, provided the loan agreement is not
22 substantially changed. This subsection does not apply to
23 loan renewals.

24 (3) The provisions of this section do not apply to
25 regulated lenders as defined in 31-1-111."

1 NEW SECTION. **Section 2.** Effective date. [This act] is
2 effective on passage and approval.

-End-

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By J.D. Lynch, Chair, on January 7, 1993, at
10:00 a.m.

ROLL CALL

Members Present:

Sen. J.D. Lynch, Chair (D)
Sen. Chris Christiaens, Vice Chair (D)
Sen. Betty Bruski-Maus (D)
Sen. Delwyn Gage (R)
Sen. Tom Hager (R)
Sen. Ed Kennedy (D)
Sen. Terry Klampe (D)
Sen. Francis Koehnke (D)
Sen. Kenneth Mesaros (R)
Sen. Doc Rea (D)
Sen. Daryl Toews (R)
Sen. Bill Wilson (D)

Members Excused: Senator Ethel Harding (R)

Members Absent: None.

Staff Present: Bart Campbell, Legislative Council
Kristie Wolter, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 11, SB 21
Executive Action: SB 11, SB 21

HEARING ON SB 11

Opening Statement by Sponsor:

Senator Towe presented SB 11, which is a bill on usury stating the current usury laws in the state of Montana haven't been modified since 1985. Usury laws prohibit too high of an interest rate in lending institutions. Most lending institutions have managed to forego the usury laws because of certain loopholes and permits which they can acquire. Usury laws still affect private and personal lenders whose loans have a much higher risk factor than the loans by lending institutions. The current usury rate

is 6% above the New York prime rate, and the current New York prime rate is 6%, which sets the maximum rate for private lending at 12%. Senator Towe proposes that a 15% usury rate be set as a floor. This rate will not affect the lending institutions' rates but will help the private investor get a higher return on his money when the prime rate is low.

Proponents' Testimony:

John Cadby, Representative of the Montana Banker Association, rises in support of this bill stating the floor will give a higher reward for a higher risk taken by the private investor.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Lynch addressed Senator Towe and asked if the 25.9% interest rate on checks sent to him courtesy of Norwest Financial fell under the usury law. Senator Towe answered that Norwest was exempt because they were a lending institution and not a private lender. Mr. Cadby added that the borrower has the right to shop for the best rates in the loan market, and that the loan market is a free market.

Senator Klampe asked Senator Towe if there was any way of increasing the usury rate and leaving out the floor. Senator Towe stated that it was a possibility. He gave an example of a 12% usury rate. At the current prime rate of 6%, the interest rate for a private lender would be 18%, which is a good return. But in the case where the prime rate goes up to 18%, the usury rate could go up to 30%, which is a little outrageous. He recommended, again, the floor of 15% or he would be willing to go up to 18% adding that 15% is conservative.

Senator Gage addressed Senator Towe and asked which governmental entity enforces the usury rate. Senator Towe answered there was no state agency, and that the law was only enforceable in a court of law.

Senator Hager asked Mr. Cadby why the state usury law isn't tied to the federal usury law. Mr. Cadby responded the usury law is a state statute.

Closing by Sponsor:

Senator Towe closed on SB 11 by stating so.

HEARING ON SB 21

Opening Statement by Sponsor:

Senator Towe stated SB 21 deals with consumer loan law and is devised for companies with loans under \$2,500.00 with high interest rates. He asks that the bill be amended because of the confusing language of the bill. The only people who would need to comply with SB 21 are personal lenders who want to get a higher rate than the usury law allows. He supplied amendments (Exhibit #1) and urged the Committee's support of SB 21.

Proponents' Testimony:

Bob Pyfer, Montana Credit Unions League, came forth in support of SB 21.

Roger Tippy, Montana Independent Bankers, strongly urged that the Committee pass SB 21 and expressed his support.

Opponents' Testimony:

None.

Closing by Sponsor:

Senator Towe respectfully closed on SB 21.

EXECUTIVE ACTION ON SB 16

Motion/Vote:

Senator Kennedy moved SB 16 be TABLED. Motion to table SB 16 CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 21

Motion/Vote:

Senator Christiaens moved to AMEND SB 21. Motion to amend SB 21 CARRIED UNANIMOUSLY.

Motion/Vote:

Chair Lynch motioned SB 21 DO PASS AS AMENDED. Motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 11

Discussion:

Senator Klampe asked Mr. Cadby about interest rates floating and how that would effect the floor of 15% on personal loans. Mr. Cadby answered that it would give a good rate of return on personal loans that, under the current usury law, could possibly be very low rates of return.

Senator Toews added that interest rates need to float on both the high end and the low end and that he wasn't sure if the 15% floor was necessary.

Senator Lynch responded to Senator Toews statement by saying that the floor would give personal lenders a fair interest rate for the risk of their investment.

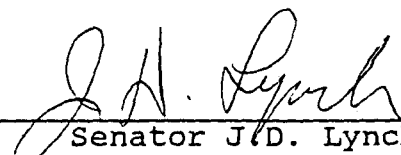
Senator Klampe asked if there was any way that the committee could legislate so that the law didn't have to change so often.

Motion/Vote:

Senator Christiaens moved SB 11 DO PASS. Motion CARRIED on Roll Call Vote with eight senators voting YES; four senator voting NO.

ADJOURNMENT

Adjournment: 10:55 a.m.



Senator J.D. Lynch, Chair



Kristie Wolter, Secretary

JDL/klw

ROLL CALL

SENATE COMMITTEE Business & Industry DATE 1/7/93

NAME	PRESENT	ABSENT	EXCUSE
Senator Lynch	/		
Senator Christaens	/		
Senator Bruski-Maus	/		
Senator Gage	/		
Senator Hager	/		
Senator Harding		/	
Senator Kennedy	/		
Senator Klampe	/		
Senator Koehnke	/		
Senator Mesaros	/		
Senator Rea	/		
Senator Toews	/		
Senator Wilson	/		

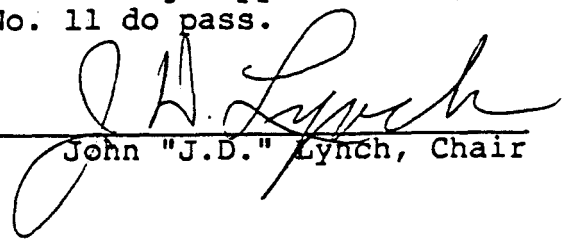
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 7, 1993

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 11 (first reading copy -- white), respectfully report that Senate Bill No. 11 do pass.

Signed: _____


John "J.D." Lynch, Chair

ROLL CALL VOTE

SENATE COMMITTEE Business & Industry BILL NO. SB 11

DATE January 7 TIME 10:00 A.M. P.M.

NAME _____

YES NO

[illegible]

Kenneth W. White
SECRETARY


CHAIR

MOTION: DF at 8 to 4

DATE Jan. 7, 1993
 SENATE COMMITTEE ON SB Business & Industry
 BILLS BEING HEARD TODAY: SB 11, SB 21

Name	Representing	Bill No.	Check One	
			Support	Oppose
Roger Tippy	Mont. Indep. Bankers	21		☒
JOE THARLES	" " "	21		
GEORGE BENNETT	MONTANA BANKERS	21		
Bob Pyfer	MT Credit Unions League	21		
JOHN CADDY	MT BANKERS ASSN	21		☒ AMEND
" "	" " "	11		☒ AMEND
ANNIE BARTOS	D. O. C.			
Gordon W. Hutchinson	D. O. C. FINANCIAL DIVISION			
Jerome T. Leander	NAT Consumer Finance Assn	21		☒ AMEND
TAL REDPATH	STATE AUDITOR'S OFFICE	11		NEUTRAL
"	"	21		NEUTRAL
Kathy McLaughlin	See Newspapers			

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By CHAIRMAN STEVE BENEDICT, on January 19, 1993,
at 9:00 A.M.

ROLL CALL

Members Present:

Rep. Steve Benedict, Chair (R)
Rep. Sonny Hanson, Vice Chair (R)
Rep. Bob Bachini (D)
Rep. Joe Barnett (R)
Rep. Ray Brandewie (R)
Rep. Vicki Cocchiarella (D)
Rep. Fritz Daily (D)
Rep. Tim Dowell (D)
Rep. Alvin Ellis (R)
Rep. Stella Jean Hansen (D)
Rep. Jack Herron (R)
Rep. Dick Knox (R)
Rep. Don Larson (D)
Rep. Norm Mills (R)
Rep. Bob Pavlovich (D)
Rep. Bruce Simon (R)
Rep. Carley Tuss (X) (D)
Rep. Doug Wagner (R)

Members Excused: All Present

Members Absent: None

Staff Present: Paul Verdon, Legislative Council
Claudia Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 11 & 21, HB 170
Executive Action: HB 130, HB 170 AND SB 11 & 21

HEARING ON HB 170

Opening Statement by Sponsor:

REP. BOB GILBERT, House District 22, Sidney, said HB 170 will add
a member of the association of Montana Aerial applicators to the
Board of Aeronautics.

Board of Aeronautics. He asked the committee for a do pass recommendation on HB 170.

HEARING ON SB 11

Opening Statement by Sponsor:

SENATOR TOM TOWE, Senate District 46, Billings, gave some history regarding SB 11. He said before time it has always been questioned to charge interest in loans, it was a big moral issue to charge interest on loans in the middle ages. A usury concept has been developed to not charge too much interest. If a higher rate of interest is charged then what is permitted by law then there should be a fine or be penalized for it. He said SB 11 is based on this concept. The problem has been, what should the interest rate be? For a long time Montana was charging 10% for usury fee. In the late 1950s, a problem developed and people wanted to be exempted from the usury fee. From that, banks, trust companies, savings and loans companies, credit companies and consumer loan companies were able to set laws that allowed them to go higher, particularly consumer loans, and retail finance companies were allowed to do this with special exemptions. In the 1980s, interest rates rose to an all time high of 18%, 19% and 20% on a routine basis. When that happened, these organizations came back wanting more protection, because of this the federal law came in and said that states could not regulate interest rates on national banks. In 1979 or 1980 a law was enacted in Montana that national banks were not subject to usury fees anymore. He said if an individual like himself loans money on a regular basis to more than two people, i.e., kids, brothers or sisters, or a company on an informal basis, they are still bound by the usury law. Sen. Towe introduced a bill in 1979 that allowed a floating rate that rises and drops when the prime rate rises or drops with the New York prime rate. Any loan that is made within six percentage points of the New York prime is ok. Usury law prohibits loans in excess of six percentage points above the prime rate. The problem with this, interest rates have dropped way down, and at the present time it is only down on short term loans and not long term loans nor most consumer loans. The New York prime rate today is six percent, six plus six which places it at twelve percent. If a person loans money to, i.e., sister, brother or anyone else, and this person is not a regulated lender or licensed consumer loan company, the maximum this person can charge is 12%. If this person charges more than the 12%, they will not only lose the interest, but double the interest as a penalty. The Board of Investments on long term loans have raised their interest rates to 13% and 14%. The problem with the 6% law, it covers everything, whether it is short term or long term loans. Most small consumer finance loans, i.e., car loans, furniture loans, etc., are 13% and 14%. If an individual did this, they would be in violation of the usury law. He said this bill will change that law. SB 11 will place a "floor on the ceiling". The maximum rate a person could charge under this bill would be 15%

for a usury loan, no matter where the prime rate goes. He said that generally, private individuals making loans are willing to take the risk more so than the banks. He apologized for the long explanation, but wanted the committee to understand how this bill works. SB 11 will protect the lenders that are not exempted altogether under some other law.

Proponents' Testimony:

John Cadby, Montana Banker's Association, said there is a private agriculture lender here in Helena, they borrow money from the bank at prime rate, and re-lend it to primarily farmers/ranchers. They are not exempted from the usury fee because they are private, and they support SB 11 because of the flexibility it provides.

Opponents' Testimony:

None

Questions From Committee Members and Responses:

Rep. Ellis asked Sen. Towe to give the committee an example of any lender that was close to the ceiling? Sen. Towe said he represents a family bank that falls under this ceiling. The bank lends to some people that will have a first mortgage to i.e., a federal land bank. Some regulated banks are making small loans and charging up to 24%. A regulated lender can do this, but not a private company.

Rep. Pavlovich wanted to know why this bill is to be effective upon passage of approval? Sen. Towe said to stop anyone that is processing a loan from getting into any trouble, and foregoing any credit that otherwise might be available.

Rep. Daily asked if under this bill, wouldn't there still be the same problem with a person charging over 15%, doesn't this bill only regulates the rate, not solve the problem? Sen. Towe said that is correct. He said maybe the usury rate should be eliminated altogether, but said he wasn't ready to do that. He didn't want to lose the bill by raising the rate too high.

Rep. Simon asked Sen. Towe to give an example of anyone he might know that has been in some kind of trouble where this bill will help? Sen. Towe said he is defending a case in court at this time in which bank stock was sold and the provision came about that if the loan wasn't paid on time, the interest rate would go up to 18%. He said this is not an uncommon position for these lenders to make.

Rep. Sonny Hanson said in the 1991 session, Rep. Sheila Rice introduced a bill that took the usury off of the insurance companies. He asked Sen. Towe if it wouldn't be best to take the usury fee out completely? Sen. Towe said that is a good

question. He said that down the road, Montana will probably come to that point. He felt this issue was important enough for the companies that are making these loans, to receive some relief without jeopardizing the bill, because some people feel there should be some limit, somewhere. Sen. Towe felt if that was done, it would probably be lost altogether. He said at the present time there is less need for usury law than was perceived 20 years ago. All SB 11 will do is help prevent 25% and 30% loans.

Closing by Sponsor:

Sen. Towe closed.

HEARING ON SB 21

Opening Statement by Sponsor:

SENATOR TOM TOWE, Senate District 46, Billings, said SB 21 clarifies the Montana Consumer Loan Act that was passed back in the 1950s to allow small loan companies to make very small loans at very high interest rates. This was repealed in the 1980s, but allowed a person to purchase a license and charge any rate they wanted, but the loan had to be less than \$2,500, that could be avoided by purchasing a second license and make any size loan they wanted which doesn't have to be to a consumer anymore. He said the question is raised, why is this still on the books. His concern is the language that is used in the consumer loan law. In the existing language on page 1, line 11, it states that no persons shall engage in the business of making loans except as provided in and authorized by this chapter. This does not allow for banks, savings and loans, nor the private lender from making more than one loan, they will have to comply with this chapter. Everyone that is in the business of making loans would be required to comply with this chapter by applying for a license and reporting requirements, etc.. The old language on page 2, lines 12 through 19, states that anyone who fails to comply with this act the loan itself will be entirely void, and will not be able to collect the principle nor interest. He felt the original intent of the old language was lost due to a number of amendments that have been added over a period of years. SB 21 clarifies what the original intention of the law was suppose to do. Anyone exempted from the usury law is not required to comply with this chapter.

Proponents' Testimony:

None

Opponents' Testimony:

None

take whatever they have in Montana to attend these meetings.

Rep. Brandewie said between the Chamber of Commerce, county commissioners, member of league from cities and towns who are not actively in the flying business, the non-aviation people are well represented in on the board.

Motion/Vote: The question was called. Roll call vote was taken. Motion CARRIED 10 - 8 with Reps. Bachini, Cocchiarella, Daily, Dowell, Stella Jean Hansen, Larson, Tuss and Pavlovich voting no. EXHIBIT 3

Motion/Vote: REP. BRANDEWIE MOVED HB 170 DO PASS AS AMENDED. The question was called. Roll call vote was taken. Motion CARRIED 12 - 6 with Reps. Bachini, Daily, Dowell, Larson, Tuss and Pavlovich voting no. EXHIBIT 4

Vote: HB 170 DO PASS AS AMENDED. Motion CARRIED 12 - 6.

EXECUTIVE ACTION ON SB 11

Motion: REP. BACHINI MOVED SB 11 BE CONCURRED IN.

Discussion: REP. SIMON proposed an amendment to strike new section 2, which will delete the immediate effective date. He said it would cost the legislative council extra money to prepare it. EXHIBIT 7

Motion/Vote: The question was called to strike new section 2. Voice vote was taken. Motion CARRIED 13 - 5 with Reps. Bachini, Cocchiarella, Pavlovich, Stella Jean Hansen, and Chairman Steve Benedict voting no.

Discussion: Rep. Daily said the bill will only raise the interest rate by 3%.

Rep. Ellis said he agreed with Rep. Daily when he said the committee is not doing very much with this bill, but he does disagree in regards to raising the interest rates. The only one that will be paying the 15% in the current environment, are people that use short term loans i.e., credit cards, or people that who cannot justify a loan from anyone who normally makes loans and are exempted from usury laws, etc.. He said someone mentioned the agriculture office here in Helena that makes loans, and said they are much closer to the prime rate on operating loans than those that have the 6% above ceiling. He said the people that are effected by this bill are those that use pawn shops, because they cannot find money any other way.

Motion/Vote: Rep. Daily called the question. Roll call vote was taken. Motion CARRIED 11 - 7 with Reps. Barnett, Brandewie, Daily Wagner, Simon Pavlovich and Sonny Hanson voting no. EXHIBIT 7

Vote: SB 11 BE CONCURRED IN AS AMENDED. Motion CARRIED 11 - 7.

EXECUTIVE ACTION ON SB 21

Motion: REP. FRITZ MOVED SB 21 BE CONCURRED IN.

Discussion: None

Motion/Vote: Rep. Simon proposed an amendment to strike section 2. EXHIBIT 8

Discussion: None

Motion/Vote: Rep. Daily called the question. Voice vote was taken. Motion CARRIED 16 - 2 with Reps. Cocchiarella and Stella Jean Hansen voting no.

Motion/Vote: REP. BACHINI MOVED SB 21 BE CONCURRED IN AS AMENDED. The question was called. Voice vote was taken. Motion CARRIED unanimously.

Vote: SB 21 BE CONCURRED IN AS AMENDED. Motion CARRIED 18 - 0.

EXECUTIVE ACTION ON HB 130

Motion: REP. DAILY MOVED HB 130 DO PASS.

Discussion: Rep. Sonny Hanson informed the committee how corporations' borrow money from the Board of Investments. He gave an example of a case he was involved in. Buttreys wanted a \$15 million loan from Norwest Bank in Billings who denied them because they were at maximum for individual accounts, so Buttery's went to Security Federal who loaned them \$3 million, then they went to the Board of Investments and asked for the difference which was \$12 million. Buttreys submitted the necessary paper work and waited several months to receive tentative approval. For some reason, the Board of Investments refused the loan application. To his knowledge, the Board of Investments has not gone out on a limb for loans to a direct corporation.

Rep. Daily said that is the problem with loaning to an individual directly, it was better to do it indirectly.

Rep. Brandewie said he didn't have a problem with the bill, and felt there was conflict between the Constitution and HB 130, on lines 14, 15 and 16, with the explanation of what private corporate capital stock was. He said no one in the room could come up with an answer. He felt there should be an explanation of the definition.

HOUSE OF REPRESENTATIVES
53RD LEGISLATURE - 1993
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE

1-19-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ALVIN ELLIS	✓		
REP. DICK KNOX	✓		
REP. NORM MILLS	✓		
REP. JOE BARNETT	✓		
REP. RAY BRANDEWIE	✓		
REP. JACK HERRON	✓		
REP. TIM DOWELL	✓		
REP. CARLEY TUSS	✓		
REP. STELLA JEAN HANSEN	✓		
REP. BOB PAVLOVICH	✓		
REP. VICKI COCCHIARELLA	✓		
REP. FRITZ DAILY	✓		
REP. BOB BACHINI	✓		
REP. DON LARSON	✓		
REP. BRUCE SIMON	✓		
REP. DOUG WAGNER	✓		
REP. SONNY HANSON, VICE CHAIRMAN	✓		
REP. STEVE BENEDICT, CHAIRMAN	✓		

HR:1993

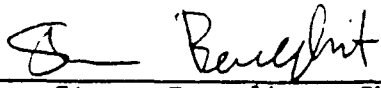
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HOUSE STANDING COMMITTEE REPORT

January 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that Senate Bill 11 (third reading copy -- blue) be concurred in as amended.

Signed: 
Steve Benedict, Chair

And, that such amendments read: Carried by: Rep. Cocchiarella

1. Title, line 5.

Following: "TRANSACTIONS;"

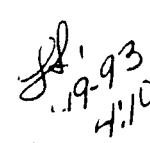
Insert: "AND"

2. Title, lines 6 and 7.

Strike: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 2, lines 1 and 2.

Strike: section 2 in its entirety


HOUSE

SB 11

EXHIBIT 5
DATE 1-19-93
~~SB~~ SB 11

HOUSE OF REPRESENTATIVES
53RD LEGISLATURE - 1993
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE
ROLL CALL VOTE

DATE 1-19-93 BILL NO. SB 11 NUMBER _____

MOTION: Be Concurred as amended

Motion Carried 11-7

NAME	AYE	NO
REP. ALVIN ELLIS	✓	
REP. DICK KNOX	✓	
REP. NORM MILLS	✓	
REP. JOE BARNETT		✓
REP. RAY BRANDEWIE		✓
REP. JACK HERRON	✓	
REP. TIM DOWELL	✓	
REP. CARLEY TUSS	✓	
REP. STELLA JEAN HANSEN	✓	
REP. BOB PAVLOVICH		✓
REP. VICKI COCCHIARELLA	✓	
REP. FRITZ DAILY		✓
REP. BOB BACHINI	✓	
REP. DON LARSON	✓	
REP. BRUCE SIMON		✓
REP. DOUG WAGNER		✓
REP. SONNY HANSON, VICE CHAIRMAN		✓
REP. STEVE BENEDICT, CHAIRMAN	✓	
	11	7

EXHIBIT

7

DATE 1-19-93

SB 11

Amendments to Senate Bill No. 11
Third Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
January 19, 1993

1. Title, line 5.

Following: "TRANSACTIONS;".

Insert: "AND"

2. Title, lines 6 and 7.

Strike: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 2, lines 1 and 2.

Strike: section 2 in its entirety

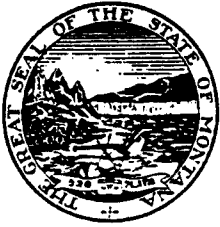
HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Business COMMITTEE BILL NO. SB 11
TE 1-19-93 SPONSOR(S) Lawe

PLEASE PRINT

[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

MARILYN MILLER
CHIEF CLERK

P.O. BOX 161
CAPITOL STATION
HELENA, MT 59620-0144
(406) 444-4822

HOME ADDRESS:
1814 TOWNSEND AVE.
HELENA, MT 59601

March 12, 1993

The Honorable Fred Van Valkenburg
President of the Senate
State Capitol
Helena, MT 59620

Mr. President:

I am directed by the House of Representatives to inform the Senate that the House, on March 12, 1993, by motion, acceded to the request of the Senate and authorized the Speaker to appoint a Conference Committee to meet with a like committee of the Senate on Senate Bill No. 11, setting a minimum interest rate allowed by agreement for private loan.

The Speaker appointed the following members:

Representative Alvin Ellis, Chair
Representative Bob Pavlovich
Representative Doug Wagner

Sincerely,

A handwritten signature in cursive script that reads "Marilyn Miller".

MARILYN MILLER
Chief Clerk

L Borden
3/12/93
4:20pm

ROLL CALL

CONFERENCE COMMITTEE ON Senate Bill 11 DATE 4/1/93

[illegible]

Attach to each day's minutes

Conference Committee
on Senate Bill No. 11
Report No. 1, March 19, 1993

Page 1 of 1

Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill No. 11, met and considered:

House amendments to Senate Bill No. 11.

We recommend that Senate Bill No. 11 (reference copy - salmon) be amended as follows:

1. Title, line 5.

Following: "TRANSACTIONS"

Strike: "AND"

2. Title, line 7.

Following: "DATE"

Insert: ", AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

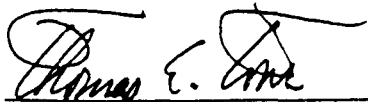
3. Page 2, line 3.

Following: line 2

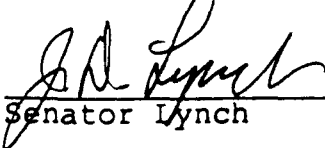
Insert: "NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval."

And that this Conference Committee report be adopted.

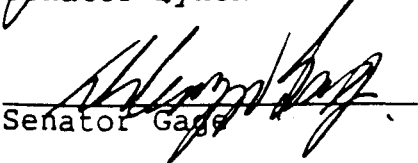
For the Senate:



Senator Toye, Chair



Senator Lynch



Senator Gage

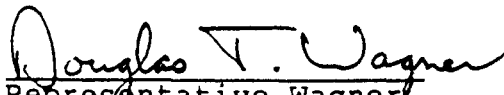
For the House:



Representative Ellis, Chair



Representative Pavlovich



Representative Wagner

RM-

Am. Coord.

Sec. of Senate

ADOPT

REJECT

C.C.R. #1
SB 11
621404CC.Sma

1 SENATE BILL NO. 11

2 INTRODUCED BY TOWE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE INTEREST
5 RATE ALLOWED BY AGREEMENT FOR CREDIT TRANSACTIONS; AND
6 AMENDING SECTION 31-1-107, MCA; ~~AND PROVIDING--AN--IMMEDIATE~~
7 ~~EFFECTIVE-DATE."~~

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 31-1-107, MCA, is amended to read:

11 "31-1-107. Interest rate allowed by agreement. (1)
12 Parties may agree in writing for the payment of any rate of
13 interest not more than that does not exceed the greater of
14 15% or an amount that is 6 percentage points per annum above
15 the prime rate of major New York banks, as published in the
16 Wall Street Journal edition dated 3 business days prior to
17 the execution of the agreement; and such interest shall.
18 Interest must be allowed according to the terms of the
19 agreement.

20 (2) A loan that is not usurious when made is lawful for
21 the duration of the loan, provided the loan agreement is not
22 substantially changed. This subsection does not apply to
23 loan renewals.

24 (3) The provisions of this section do not apply to
25 regulated lenders as defined in 31-1-111."

1 ~~NEW-SECTION--Section 2--Effective--date--{This act} is--~~

2 ~~effective-on-passage-and-approval~~

~~-End-~~

REFERENCE BILL

SB 11
AS AMENDED